

## Consultation on climate-related financial disclosure in Singapore

We refer to the Sustainability Reporting Advisory Committee's consultation paper on climate-related financial disclosure, open for consultation until 30 September 2023. We welcome the opportunity to contribute our perspective on the Singapore climate reporting regime.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with 1700 billion SGD at year end 2022, 5,8 of which invested in the shares of Singaporean companies.

The long-term return of the fund depends on sustainable economic, environmental and social development, as well as well-functioning and efficient markets. Climate risk has long-term and systematic characteristics, and our investments are exposed to both physical and transition risks. We support global principles and standards that underpin an orderly climate transition, and have promoted the development of strong reporting frameworks for corporate climate risk disclosure for over a decade. Limited access to high-quality data on the climate risk faced by companies hampers our ability to take better investment decisions, undertake more purposeful company engagement and develop tailored voting decisions.

Firstly, we welcome the establishment of the Sustainability Reporting Advisory Committee and its work towards the implementation of sustainability reporting standards in Singapore, and the cross-authority coordination between the Ministry of Finance, the Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange (SGX). As a global investor with holdings in 70 different countries, we have a clear interest in sustainability information being reported in a consistent and comparable manner across markets, and in disclosure regimes based on global standards. We therefore welcome Singapore's move towards adoption of the ISSB standards, which provide a global baseline for disclosure of sustainability information.

We welcome the intention to align as closely as possible with the ISSB standards. Any deviation from the global baseline to address jurisdiction-specific concerns should ideally be temporary rather than permanent to preserve the value of global alignment. Jurisdiction-

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specific public policy goals can also be met through a “building blocks” approach by adding requirements to the global baseline. We therefore support SRAC’s recommendation of temporary reliefs, which ensures that Singapore corporates’ disclosures fully meet the standards at the end of the transition period.

We agree with the recommendation to mandate climate reporting both for listed issuers and for private companies, as this will provide a level playing field in terms of corporate disclosures. Furthermore, private companies are often in the value chain of listed companies and information from private companies is necessary for the latter to e.g. calculate their own Scope 3 emissions.

Regarding broader sustainability topics, we strongly support the recommendation to review the application of ISSB Standards for disclosure of sustainability-related risks and opportunities beyond CRD for all companies. We acknowledge the decision being taken by some jurisdictions to start the regulatory adoption of the ISSB Standards by mandating S2-aligned climate reporting, often building upon pre-existing TCFD-aligned requirements. However, information on the risks and opportunities linked to other sustainability topics is equally important for investors. Therefore, we encourage Singapore authorities to commit to a swift implementation of the General Requirements Standard IFRS S1 and to signal a clear timeframe towards this goal.

We support the recommendation to apply the existing reporting and filing timelines for financial statements to the CRD. This is beneficial to facilitate connectivity in reporting, usefulness of information and timely communication to users. We also support the recommendation to require external assurance of emissions information, and the intention to move towards reasonable assurance of the entire CRD report over time. A requirement to conduct assurance using a Singapore standard equivalent to ISSA 5000, once available, will be the best way to achieve alignment with global standards.

We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely,



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## Questionnaire

Question C1.1 – Do you agree with the above recommendation? Please state the reasons for your response.

*We agree with the recommendation to mandate climate reporting for listed issuers from 2025, and with the suggestion to expand the requirement to private companies as this would facilitate a level playing field. Furthermore, private companies are often in the value chain of larger issuers, which need value chain data to e.g. calculate their own Scope 3 emissions disclosures. We do not have a view on the specific threshold above which the reporting requirement should be mandated.*

Question C1.2 – Aside from international developments, industry capacity and the implementation experience of NCLos in Recommendation C1(a)(ii), what other factors should be considered in deciding the implementation timeline for NCLos in Recommendation C1(b)? Please state the reasons for your response.

N/A

Question C1.3 – Based on your response to Question C1.2, what is the appropriate timeframe to require mandatory reporting for NLCos in Recommendation C1(b)? Please state the reasons for your response.

N/A

Question C1.4 – Do you agree with the recommendation not to use the benchmark criteria in paragraph C12 above? Please state the reasons for your response.

N/A

Question C2.1 – Do you agree with the above recommendation? Please state the reasons for your response.

*We agree with the recommendation to grant an exemption to NCLos if their parent is preparing climate or sustainability reports deemed equivalent. As the Singapore CRD is expected to be aligned with IFRS S2, we suggest the use of ISSB alignment in the jurisdiction regime of the parent entity as an equivalence criterion.*

Question C2.2 – If a subsidiary of a foreign parent is exempted from mandatory reporting as per Recommendation C2, should the subsidiary still be required to report CRD-prescribed disclosures relating to its GHG emissions to the appointed regulator? Please state the reasons for your response.

N/A

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Question C3 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question C4 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question D1 – Do you agree with the above recommendation? Please state the reasons for your response.

*We strongly support the recommendation to align the prescribed CRD in Singapore with the requirements in the ISSB standards. ISSB standards provide a global baseline for disclosure of climate and sustainability information which can provide reliable, consistent and comparable disclosures for global investors. We therefore support the alignment with ISSB standards, and recommend jurisdictions to use a “building blocks” approach to meet any jurisdiction-specific policy goal. Any deviations from the global baseline to address jurisdiction-specific concerns should be temporary rather than permanent, as the latter approach would limit the benefits of global alignment.*

Question D2 – Do you agree with the above recommendation? Please state the reasons for your response.

*We agree with the recommendation to align the temporary transition reliefs in the Singapore CRD with the ISSB standards, which will help facilitate close alignment with the global baseline while ensuring that Singapore corporates’ disclosures fully meet the standards at the end of the temporary relief period. We strongly support the recommendation to review the application of ISSB Standards for disclosure of sustainability-related risks and opportunities beyond CRD for all companies subject to mandatory reporting a few years later. While we acknowledge the decision being taken by some jurisdictions to start the regulatory adoption of the ISSB Standards by mandating S2-aligned climate reporting, information on the risks and opportunities linked to other sustainability topics is equally important for investors. Therefore, we encourage Singapore authorities to similarly commit to a swift implementation of the General Requirements Standard IFRS S1. IFRS S1 also provides the foundation for applying the topic-specific standards such as S2. These include requiring that sustainability reporting is aligned with financial statements, and that assumptions underlying climate-related disclosures are consistent with the financial statements to the extent possible. The SRAC proposals could also be enhanced by providing greater clarity and explicitly confirming alignment with the requirements for disclosing industry-specific metrics in IFRS S2. Industry-specific disclosures are particularly decision-useful for investors, given sustainability topics vary by industry and investors tend to conduct their investment analysis based on companies and portfolios by industry and sector. We recommend that the timeline for reviewing the application of ISSB Standards beyond CRD is clarified and brought forward, recognising that*

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*the International Sustainability Standards Board provided one year of temporary relief between the application of IFRS S2 and IFRS S1.*

Question D3 – Do you agree with the above recommendation? Please state the reasons for your response.

*We agree with the recommendation to allow disclosures in compliance with other standards and frameworks to be included in the same report, if these standards and frameworks are prominently disclosed and the additional disclosure does not contradict or obscure the information required by the prescribed CRD. This provision would facilitate sustainability disclosures beyond climate, which issuers and non-listed corporates can make based on e.g. IFRS S1, SASB or GRI Standards. An explicit recommendation to adopt the requirements included in IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) when a company chooses to disclose information beyond climate would provide clarity and best meet the information needs of investors. Allowing corporates to disclose beyond the prescribed CRD is key not to discourage them from providing non-climate sustainability information on a voluntary basis. Maintaining the visibility of the CRD-prescribed information, notably the ISSB S2-aligned disclosures, is important for global investors to be able to compare disclosures across their portfolio companies and across jurisdictions.*

Question E1.1 – Do you agree with the above recommendation? Please state the reasons for your response.

*We support the recommendation to require external assurance of emissions information, and the intention to move towards reasonable assurance of the entire CRD report over time. In our revised expectations on climate change, we expect companies to seek reasonable assurance of at least their Scope 1 and Scope 2 emissions. We therefore support the recommendation to start by requiring external assurance of this data.*

Question E1.2 – In your view, what would be an appropriate timeframe to progress toward Reasonable Assurance covering:

- (a) Scope 1 and Scope 2 GHG emissions;
- (b) Scope 1, Scope 2 and Scope 3 GHG emissions; and
- (c) the entire CRD? Please explain your rationale supported by data and analysis where available.

*We support the recommendation to swiftly progress towards reasonable assurance covering Scope 1 and Scope 2 emissions, in line with our expectations mentioned in the previous answer. We do not have a view on the appropriate timeframe to progress towards reasonable assurance covering the entire CRD.*

Question E2.1 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question E2.2 – Please provide suggestions, if any, on what can be done to enhance the availability of registered climate auditors to support the increased demand for external assurance.

N/A

Question E3.1 – Do you agree with the above recommendation? Please state the reasons for your response.

*We agree with the recommendation to conduct assurance using a Singapore standard equivalent to ISSA 5000, once available. We support alignment of jurisdictional assurance frameworks with the ISSA 5000 under development by the International Auditing and Assurance Standards Board (IAASB), which will provide a global standard to address assurance of sustainability information and is being designed to be compatible with a variety of reporting frameworks and standards.*

Question E3.2 – What are the key differences between both standards that should be bridged to enhance consistency in audit procedures?

N/A

Question E4.1 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question E4.2 – In your views, is ISO/IEC 17029 equivalent to SSQM 1? If not, what are the gap(s) to be bridged?

N/A

Question E5.1 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question E5.2 – In your view, should objective measures including hours be stipulated under the practical experience? If so, how many hours would be appropriate?

N/A

Question E6 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question F1 – Do you agree with the above recommendation? Please state the reasons for your response.

*We support the recommendation to apply to CRD the existing reporting and filing timelines for financial statements. Sustainability information should ideally be Sustprovided at the same time as financial information to facilitate connectivity in reporting, usefulness of information and timely communication to users.*

Question F2 – Do you agree with the above recommendation? Please state the reasons for your response.

*We support the requirement to file CRD in a digital structured format. This format should be aligned with the IFRS Sustainability Disclosure Digital Taxonomy under development by the International Sustainability Standards Board.*

Question F3 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question G1.1 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A

Question G1.2 – In terms of sanctions, should climate reporting be placed on equal footing with financial reporting at this juncture? Please explain your rationale.

N/A

Question G2 – Do you agree with the above recommendation? Please state the reasons for your response.

*We support the recommendation that companies not subject to mandatory reporting can voluntarily file their climate reporting in accordance with the prescribed CRD.*

Question G3 – Do you agree with the above recommendation? Please state the reasons for your response.

N/A